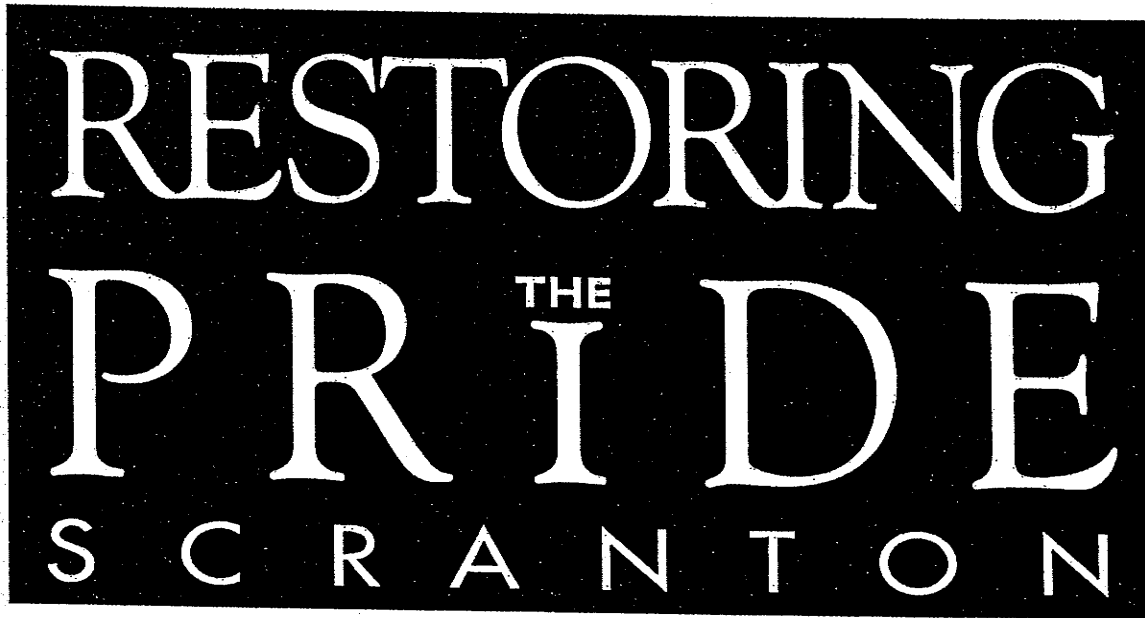


# **CITY OF SCRANTON**

Lackawanna County, Pennsylvania



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**EFFECTIVE DATE: MARCH 1, 2004**

## **HOMEBUYERS PROGRAM APPLICATION PACKET**

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**CHRISTOPHER A DOHERTY**  
MAYOR

**SARA HAILSTONE**  
EXECUTIVE DIRECTOR  
OECD

Please read this  
application over  
carefully

If you have any questions  
concerning this application,  
please do not hesitate to call  
the Housing Section of OECD  
Phone: 348-4216

All questions must be  
answered and be sure to sign  
all pages on application.  
If not application will be  
returned.

CITY OF SCRANTON  
OFFICE OF ECONOMIC AND COMMUNITY DEVELOPMENT  
538 SPRUCE STREET  
SUITE 812  
SCRANTON, PENNSYLVANIA 18503  
PHONE: 570/348-4216

**HOMEBUYERS PROGRAM**

**INTRODUCTION**

The City of Scranton's Office of Economic and Community Development (OECD) offers the Homebuyers Program funded through the HOME Program.

Not only does the Homebuyers Program help qualified buyers purchase homes by providing a subsidy of up to 1/2 of the down payment (maximum match dollar to dollar not to exceed \$7,000) or 10% of the purchase price of the home, whichever is less, using OECD funds and all eligible closing costs up to \$3,000 maximum, it also stimulates the economy by creating jobs, thereby contributing to wages and enhancing local tax bases.

Financial assistance for this program is federally funded. The Federal government sets certain and/or approves certain requirements of the program. These requirements include maximum purchase prices, income limits, homebuyer requirements, and resale conditions.

This Homebuyers Program Description will introduce you to the program. Please take your time and read it and the Homebuyers Flowchart thoroughly.

**ARE YOU ELIGIBLE**

To obtain financial assistance, your annual gross household income must not exceed the 2004 limits shown below:

<b><u>Household Size</u></b>	<b><u>Income Limit</u></b>
1 Person	\$28,750
2 Person	\$32,850
3 Person	\$36,950
4 Person	\$41,050
5 Person	\$44,300
6 Person	\$47,600
7 Person	\$50,900
8 Person	\$54,150

Household income is the total anticipated **gross** annual income for the next twelve months, of all persons ***who will be living*** in the household. This calculation is based on income as of the date of application, and does not include income received by full-time students in excess of \$480, unless the full-time student is the applicant purchasing the home. Please note you must meet the eligibility limits on the chart above, on the day of the closing or the day of occupancy, which ever is later.

**CITY OF SCRANTON  
OFFICE OF ECONOMIC AND COMMUNITY DEVELOPMENT  
538 SPRUCE STREET  
SUITE 812  
SCRANTON, PA 18503**

**HOMEBUYERS PROGRAM**

**PLEASE READ AND REMEMBER THE FOLLOWING:**

1. Single family, vacant, or properties to be owner occupied are eligible.
2. Two to four family properties, which are vacant, or occupied by low-income tenants or by the tenant purchasing the property.
3. Prior to entering a final contract of sale, the seller must be notified in writing of the following:
  - a.) That the buyer does not have the power of eminent domain and, therefore, will not acquire the property if negotiations fail to result in an amicable agreement.
  - b.) That the fair market value of the property must be known as determined by an appraisal of the property. Note: You (the buyer) are permitted to negotiate a sale price below fair market value.
  - c.) The buyer must consult with OECD before executing a purchase contract to ensure that the above disclosures were made in a timely manner and that the property is appraised. (The property will be inspected by OECD for Housing Quality Standards after loan approval by the bank). **We do not inspect homes on pre-approvals.**

If the seller executes an option or contract of sale before he/she is informed of the property's fair market value and the fair market value is more than the option/contract price, the seller must be provided the opportunity to withdraw from the option or contract after the appropriate disclosures (listed above and including an appraisal) have been made. Therefore, it is of the utmost importance to avoid any dispute and to provide to the seller early written notice that you (the buyer) do not have the power of eminent domain and that he/she (the seller) does not qualify for the Uniform Relocation Act (U.R.A.) Relocation Assistance.

The avoidance of tenant occupant properties will also not necessitate U.R.A. Relocation Assistance since the units will be either owner occupied, tenant purchaser occupied, or vacant. Therefore, we are not encouraging purchase of tenant occupied buildings. Also, it is a must that the tenants be low income. The tenants will be provided with forms to complete regarding household size, rent and their incomes. No HOME funds will be approved for projects with households over income. **If tenants refuse to provide income to OECD, which is kept confidential, OECD will assume tenants are over income and no federal dollars will be provided for that unit.**

## **HOME BUYERS ASSISTANCE PROGRAM DESCRIPTION**

Homeownership has become an increasingly unattainable goal for many families, especially for low-income families. HOME Program funds will be used to help make the "American Dream" a reality for income eligible families.

### **Overview**

HOME Program funds will be used for acquisition of existing homes or new home construction for eligible homebuyers as follows:

Homebuyers' funds will be available for:

1. Down Payment Assistance - 1/2 match dollar for dollar of the required down payment (not to exceed \$7,000) or 10% of the purchase price, whichever is less.
2. Eligible Closing Costs - \$3,000 maximum.

Eligible applicants must:

Be income eligible, that is, the purchaser must have a gross annual income (based upon family size) that does not exceed 80 percent of median income for Scranton.

A "Homebuyer" is defined as: A household that does not own a home or another home at the time (date) of closing (purchase) with HOME funds.

### **Income Eligibility**

The purchasing household must be income eligible at either:

the time the household initially occupies the property,  
OR  
at the time the HOME funds are invested (the time of closing)

**WHICHEVER IS LATER!**

Verification of income eligibility is good for a period of 6 months. Consequently, in order to assure that a prospective homebuyer is income eligible, the income should be verified early in the application process. An update of the homebuyer's income will only be necessary if more than 6 months has transpired from initial verification to occupancy of the property.

**Please note: even though you have received a pre-approval letter from OECD you still must be income eligible on the day of closing or the day you occupy the property. If you receive a raise after the pre-approval and before the closing, which would make you over income, you would be ineligible for our program.**

## **Principal Residence**

**The purchasing household must use the property as its principal residence.**

The loan documents (Promissory Note) between the purchaser and the City will also incorporate this requirement.

- Purchaser(s) must move into the home within 30 days of closing.
- Any violation of the principal residency requirement will automatically trigger repayment of the OECD subsidy.
- Temporary subleases are not allowed

## **Eligible Property Types**

The HOME Program offers broad discretion in the types of properties that can be used in the homebuyers program.

The property can be PRIVATELY or PUBLICLY held prior to sale to the homebuyers.

The property may be either new construction or an existing home.

Any property which will serve as the purchaser's principal residence, including:

Single-family property (one unit) (vacant or owner occupied)

A two to four-unit property. (Vacant, - unless the purchaser is a tenant, and/or one of the units of the property is owner occupied) and to become vacant immediately after settlement (closing).

## **Property Standards**

New Construction or Acquisition - Property must meet the Section 8 Housing Quality Standards (HQS) at time of initial occupancy. Also a visual Lead Hazard Assessment must be conducted at the time of the HQS inspection.

Acquisition and Rehabilitation - Where rehabilitation to the property is needed:

At time of initial occupancy, the property must be free from any defects that pose a danger to the health or safety of occupants; and

Within 2 years of property transfer to the first-time homebuyer, the property must meet Housing Quality Standards (HQS).

## **Resale Restrictions and Long Term Affordability**

There are NO HOME Program requirements that:

Require the homebuyer to remain low-income after closing on the property.

The monthly housing costs (principal, interest, property taxes and insurance - PITI) be affordable at time of purchase using fixed thresholds (i.e. 30 percent).

**BUT**, there are requirements that relate to resale. (See Diminishing Subsidy below):

Upon resale, within the five year period, the OECD funds provided to the original purchaser must be repaid to the OECD (adjusted according to the deduction table).

## **Diminishing Subsidy**

An arrangement is made in which the City subsidy is forgiven over the required period of affordability of 5 years for existing housing.

For example, if an assisted homeowner wishes to sell his existing home after the 3<sup>rd</sup> year of occupancy, then 3/5<sup>th</sup>s of the subsidy is forgiven and 2/5<sup>th</sup>s is due upon sale or transfer of the property.

## **Enforcing Homebuyers Provisions**

There are two provisions of the Homebuyers Programs that require a means of enforcement:

- The home must be the Homebuyer's Principal residence
- AND
- A (mortgage and promissory note) covenant will be used to ensure that the homebuyer retains the property as a "principal residence".

## **Refinancing**

OECD will not subordinate its lien position unless the owner is obtaining financing for home repairs or to obtain a lower interest rate on their original mortgage.

## **Both husband and wife must be on the Note, Mortgage, and other required documents.**

If divorced, a copy of divorce decree must be given to OECD. If separated, the spouse not purchasing the property must sign a Quick Claim Deed, which will be recorded at the Court House. OECD has right to refuse or approve any application.

## **OUTLINE OF HOME FUNDED HOMEBUYERS PROGRAM**

<b>Eligible Owners:</b>	Low income (less than 80% of median income) Principal residency
<b>Eligible Property Type:</b>	Private owned and up to 4 unit property
<b>Uses of funds:</b>	Acquisition New construction
<b>Rehabilitation Standard:</b>	Housing Quality Standards (HQS) at a minimum Complete within 2 years to HQS if acquisition and rehabilitation
<b>Property Cost Limits:</b>	1 Family - \$160,176 2 Family - \$205,032 3 Family - \$247,824 4 Family - \$307,992
<b>Ownership Interest:</b>	Fee simple (Surface rights only) (Not mineral rights)
<b>Resale Restrictions:</b>	OECD to be repaid federal funds depreciated per outlined above
<b><u>Two - Four Unit Properties:</u></b>	Rents are strictly controlled. Both occupancy and rents must be maintained and monitored.

### **Two - Four Unit Rental Properties**

Under HOME, the following guidelines will be strictly enforced if the property is a multi-unit property:

1. Existing tenants cannot be evicted from the property as a direct result of the acquisition. OECD will contact the current tenants notifying them of their rights.
2. HOME assisted rental units will have rent controls and must remain affordable for a period of 5 years. Rents may increase or decrease.
3. If the unit is vacant at time of acquisition, the owner must rent to a family with an income at the 60% median income for the City of Scranton.
4. Maximum monthly rents and utility allowance must be recalculated annually by the owner and reviewed and approved by the City of Scranton/OECD.
5. OECD must document existing tenant's income and rents before closing. If vacant, OECD must verify tenant's income as soon as it becomes available.
6. In the event that existing tenants are over OECD/HUD low-income limits an adjustment (downward) will be applied to the funds provided.  
Home's strict occupancy and rent level requirements will guarantee that low income households are the beneficiaries of this assistance.



**City of Scranton/Office of Economic and Community Development**  
**HOMEBUYERS PROGRAM FLOW CHART**

1. Applicant contacts OECD for Homebuyers Program application. Applicant reads, completes and returns application personally to OECD. Be sure to bring items that pertain to you on the "Check Off" list enclosed with the application. OECD staff will be happy to make copies of your documents at our office.
2. An OECD staff member will conduct a personal interview and verify your income for eligibility. Please be sure that your application, and all income tax returns, are signed by the applicant and co-applicant.
3. Business hours - Monday - Friday, 8:30 a.m. to 4:00 p.m. Location - **538 SPRUCE STREET, SCRANTON, PA 18503** - Phone: **(570) 348-4216**
4. You will receive a "Conditional Letter of Approval" or disapproval letter from OECD based on your income eligibility. Approval time depends on your timeliness to return the required paperwork to OECD. ***This is not a mortgage loan approval.***
5. You may then find an eligible home in the City of Scranton. After you and the seller agree on the price of the home, seek out mortgage lenders of your choice.
6. Applicant contacts OECD and advises them of the location of home, price, type of home, and the name of the institution where you are applying for a mortgage.
7. Applicant applies for a mortgage at the financial institution of your choice. **No OECD employee can or will recommend any financial institution.**
8. **Financial institution performs verification of applicants' employment, income, debts, and arranges for an appraisal of home. OECD WILL NOT ACCEPT "NO INCOME" VERIFICATION MORTGAGES. YOU MUST BE APPROVED ON YOUR INCOME. IF MARRIED, IT IS PREFERRED THAT BOTH HUSBAND AND WIFE BE ON THE BANK'S NOTE, DEED AND MORTGAGE. IF SEPARATED, SPOUSE MUST SIGN A QUIT CLAIM DEED TO BE RECORDED AT THE COURT HOUSE.**
9. Financial institution notifies applicants of approval or rejection of application in writing.
10. **After receiving written approval from a bank, the applicant immediately contacts OECD to arrange for an "OECD" home inspection of the property. The home must pass the OECD inspection in accordance with Housing Quality Standards (HQS). OECD NO LONGER provides a pest inspection. OECD will not inspect the home until you get mortgage commitment in writing (this does not mean pre-approvals).**
11. OECD will arrange at that time to contact the financial institution for a copy of the bank file (income verification, assets, debts, credit report, appraisal, etc.).
12. When the closing date is set, OECD will draw down federal funds for the down payment and closing costs from the U.S. Treasury through U. S. Dept. Of Housing and Urban Development. **OECD requires at least three (3) working days after receiving final figures from bank, lawyer or abstract company to receive funds into our account from HUD.**
13. On the day of closing, applicant makes arrangements with OECD to come to OECD's office **before closing**, and sign the Mortgage Lien, Promissory Note, and other required documents.
14. The applicant must supply OECD and the financial institution with a copy of the Homeowner's Fire Insurance Policy and OECD must be listed as a mortgagee/loss payee on the policy for five (5) years.
15. OECD staff member attends the closing, brings the check payable to the applicant to cover eligible closing costs and down payment. After OECD staff member is sure all documentation at closing is in order, applicant endorses back of check and turns check over to the disperser of all funds
16. The financial institution's mortgage lien is in the first position and OECD's mortgage lien is filed in the second position at the Lackawanna Court House.

**CLOSING IS OVER AND YOU ARE NOW A NEW HOMEOWNER IN THE CITY OF SCRANTON.**  
**CONGRATULATIONS!!!!!!!!!!!!**

CITY OF SCRANTON  
OFFICE OF ECONOMIC AND COMMUNITY DEVELOPMENT  
538 SPRUCE STREET  
SUITE 812  
SCRANTON, PENNSYLVANIA 18503

**PRE-APPLICATION WORKSHEET**

All information will be held confidential! Return pre-application to the above address within 10 days.

1. Borrower \_\_\_\_\_ S.S.# \_\_\_\_\_ Age \_\_\_\_\_

Co-Borrower \_\_\_\_\_ S.S.# \_\_\_\_\_ Age \_\_\_\_\_

Mailing Address \_\_\_\_\_ Zip \_\_\_\_\_

Phone: (\_\_\_\_\_) \_\_\_\_\_ (Home) Phone: (\_\_\_\_\_) \_\_\_\_\_ (Work)

2. Martial Status: Single \_\_\_\_\_ Married \_\_\_\_\_ Divorced \_\_\_\_\_ Separated \_\_\_\_\_  
Other \_\_\_\_\_

Is your martial status changing within the next 12 months? Yes \_\_\_\_\_ No \_\_\_\_\_

3. Persons living in household besides above: (list additional people on back)

Name: \_\_\_\_\_ S.S.# \_\_\_\_\_ Age \_\_\_\_\_

Name: \_\_\_\_\_ S.S.# \_\_\_\_\_ Age \_\_\_\_\_

Name: \_\_\_\_\_ S.S.# \_\_\_\_\_ Age \_\_\_\_\_

4. Please list all wage earners and income in household 18 years or older except all full-time students residing in household. Please include all income (i.e., Employer, Social Security, SSI, Welfare, Child Support, Alimony, Pension)

Name	Name of Employer (or other)	Number of years employed	Annual Gross Salary

5. Total family gross annual income received from all sources \$ \_\_\_\_\_

6. Has any Borrower/Co-Borrower ever owned a property (i.e., home/mobile home)? Yes \_\_\_ No \_\_\_

If yes, date sold: \_\_\_\_\_

7. Are your assets over \$5,000.00? Yes \_\_\_\_\_ No \_\_\_\_\_ If Yes, what is value of assets? \_\_\_\_\_

8. Amount of funds available for deposit and down payment on purchase of house? \$ \_\_\_\_\_

Exact source of down payment (i.e., bank, gift, name, address, and phone of person giving money as loan or gift) \_\_\_\_\_

TO THE BEST OF MY/OUR KNOWLEDGE, THE INFORMATION SUPPLIED TO YOU FOR THE COMPLETION OF THIS FORM IS TRUE AND ACCURATE. ANY FALSE STATEMENTS MADE KNOWINGLY AND WILLFULLY MAY SUBJECT THE SIGNER(S) TO PENALTIES UNDER SECTION 1001 AND 1010 OF TITLE 18 OF THE UNITED STATES CODE

Borrower

Date

Co-Borrower

Date

City of Scranton/Office of Economic and Community Development

**PLEASE READ CAREFULLY**

The following documentation **MUST BE INCLUDED** with your application to determine your income eligibility. Please return **ALL** completed **signed** forms in person to the Office of Economic and Community Development, 538 Spruce Street, Suite 812, Scranton, Pa 18503 between the hours of 8:30 a.m. and 4:00 p.m. OECD will make copies of all originals. You will be receiving more income verification forms after we receive your application. **ALL FORMS NOT FILLED OUT CORRECTLY WILL BE RETURNED.**

- \_\_\_\_\_ Last two years **signed** income tax return ( **all** W-2's, bank interest, 1099's, etc.) **PLEASE BE SURE ALL PARTIES SIGN THE TAX RETURN OR IT WILL NOT BE ACCEPTED!**
- \_\_\_\_\_ Pay stubs for last two months (any documentation stating income amounts for all persons over 18 years of age living in the home excluding full-time students not purchasing the home)
- \_\_\_\_\_ Welfare, food stamps documentation (Food stamps are not included in determining income, however, we verify only)
- \_\_\_\_\_ Unemployment documentation (check stub and computer un-off sheet from Unemployment Office is needed)
- \_\_\_\_\_ Social Security documentation (yearly letter from Social Security, end of the year statement, and computer run-off sheet from Social Security)
- \_\_\_\_\_ Pension documentation
- \_\_\_\_\_ Bank Statements – Two months statements on **all** checking, savings, stocks, and bonds, money markets, certificates of deposit, etc.
- \_\_\_\_\_ Child Support - Court statement and computer run-off sheet from Domestic Relations for all children.
- \_\_\_\_\_ Veterans Benefits
- \_\_\_\_\_ Black Lung
- \_\_\_\_\_ Divorce Decree and Settlement
- \_\_\_\_\_ If owned a property previously, copy of **CLOSING DOCUMENTATION**
- \_\_\_\_\_ Any full-time student **MUST** have letter from college stating you are a full-time student and **SHOWING NUMBER OF CREDITS** being taken during semester.

**CITY OF SCRANTON  
OFFICE OF ECONOMIC AND COMMUNITY DEVELOPMENT  
538 SPRUCE STREET  
SUITE 812  
SCRANTON, PENNSYLVANIA 18503**

**INFORMATION GENERAL RELEASE FORM**

I (We), \_\_\_\_\_, hereby authorize the City of Scranton, and the Office of Economic and Community Development (OECD) to obtain and receive all records and information pertaining to eligibility for the housing assistance programs, including employment, income (including IRS returns), credit, residency and banking information from all persons, companies, or firms holding or having access to such information. This authorization hereby gives the City of Scranton/OECD the right to request all information that I (We) can or could obtain from any persons, company, or firm on any matter referred to the above. I (We) agree to have no claim for defamation, violation of privacy, or otherwise against any person or firm or corporation by reason of any statement or information releases by them to the City of Scranton/OECD for the purposes of the program. The term of this authorization shall commence on the date of signature and be in force for a period of five (5) years.

**Signature** \_\_\_\_\_

**Signature** \_\_\_\_\_

**Address** \_\_\_\_\_

**Date** \_\_\_\_\_

**OFFICE OF ECONOMIC AND COMMUNITY DEVELOPMENT  
HOUSING PROGRAM**

**STATEMENT OF INCOME (Monthly)**

Note: all GROSS income must be documented for "EVERYONE" in the household!

**APPLICANT'S NAME:** \_\_\_\_\_

**ADDRESS:** \_\_\_\_\_ **Zip** \_\_\_\_\_

**PHONE:** \_\_\_\_\_

This is to certify as to income I (We) receive from the following sources: **(Monthly)**

1. Employment ( <u>GROSS BEFORE Taxes/Deductions</u> )	\$ _____
2. Pension (Retirement)	\$ _____
3. Veterans' Pension	\$ _____
4. State Aid Benefits (Welfare, Food Stamps, Medical Assistance)	\$ _____
5. Social Security, SSI, SSD, (Adults & Child)	\$ _____
6. Child Support	\$ _____
7. Alimony	\$ _____
8. Unemployment	\$ _____
9. Workmen's Compensation	\$ _____
10. Black Lung	\$ _____
11. Rental Income	\$ _____
12. Interest from all sources (any accounts that accrued interest)	\$ _____
13. Other – Explain	\$ _____
<b><u>TOTAL Monthly Income</u></b>	<b>\$ _____</b>

\_\_\_\_\_  
**Applicant**

\_\_\_\_\_  
**Date**

\_\_\_\_\_  
**Co-Applicant**

\_\_\_\_\_  
**Date**

**PENALTY FOR FALSE OR FRAUDULENT STATEMENT: U.S.C. Title 18, Sec. 1001, provides "Whoever, in any matter within the jurisdiction of any department or agency of the United States knowingly and willfully falsifies ... or make or uses any false writing or document knowing the same to contain any false, fictitious or fraudulent statement or entry, shall be fined not more than \$10,000.00 or imprisoned not more than five years, or both"**

## HOUSING PROGRAM

### HOUSEHOLD INCOME CERTIFICATION

The purpose of this certification is to establish the total **GROSS income (before taxes)** of permanent members of the household (excluding dependents or full-time students).

I/We certify that the following is the gross monthly income of permanent residents living at this property.

"Household" means **ALL** the persons who occupy a housing unit. The occupants may be a single family, one person living alone, two or more families living together, or any other group of related or unrelated persons who share living arrangements. (24CFR 570.3N)

"Low Income Household" means a household having an income equal to or less than the Section 8, low-income limit established by HUD.

NAME	AGE	MONTHLY INCOME (from all sources)
_____	_____	\$ _____
_____	_____	\$ _____
_____	_____	\$ _____
_____	_____	\$ _____
_____	_____	\$ _____
TOTAL INCOME (for all permanent members of the household)		\$ _____

\_\_\_\_\_  
Applicant's Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Applicant's Signature

\_\_\_\_\_  
Date

**CITY OF SCRANTON  
OFFICE OF ECONOMIC AND COMMUNITY DEVELOPMENT  
HOME PROGRAM**

**ASSET QUESTIONNAIRE**

Check One

- |   |                  |
|---|------------------|
| 1. Do you now have any ownership in any property?   | _____Yes _____No |
| 2. Do you have a savings and/or checking account?   | _____Yes _____No |
| 3. Do you have any stocks, bonds, savings certificates,<br>money market funds or other investment accounts?                               | _____Yes _____No |
| 4. Do you have any trusts that are available to the<br>households?  | _____Yes _____No |
| 5. Do you have any IRA accounts, Keogh or similar<br>retirement savings accounts?   | _____Yes _____No |
| 6. Do you make contributions to company retirement/<br>pension funds that can be withdrawn without retiring<br>or terminating employment? | _____Yes _____No |
| 7. Do you have access to any assets although owned by<br>more than one person?  | _____Yes _____No |
| 8. Do you receive any lump sum such as inheritances,<br>capital gains, lottery winnings, insurance settlements,<br>or other claims?       | _____Yes _____No |
| 9. Do you have any personal assets held as an investment<br>such as gems, jewelry, coin collections, antique cars, etc.                   | _____Yes _____No |
| 10. Do you have life insurance?   | _____Yes _____No |
| 11. Have you sold any assets within the past 2 years for less<br>than fair market value?  | _____Yes _____No |

**TO THE BEST OF MY/OUR KNOWLEDGE, THE INFORMATION SUPPLIED TO YOU FOR THE COMPLETION OF THIS FORM IS TRUE AND ACCURATE. ANY FALSE STATEMENTS MADE KNOWINGLY AND WILLFULLY MAY SUBJECT THE SIGNER(S) TO PENALTIES UNDER SECTION 1001 AND 1010 OF TITLE 18 OF THE UNITED STATES CODE.**

\_\_\_\_\_  
Borrower

\_\_\_\_\_  
Date

\_\_\_\_\_  
Co-Borrower

\_\_\_\_\_  
Date